

Maine Revenue Services
Tax Law Changes that Take Effect July 1, 2011
As Enacted by PL 2011, Chapter 1 (LD 100)

Text of the legislation can be viewed at:
www.mainelegislature.org/legis/bills/bills_125th/chapters/PUBLIC1.asp).

Non-filer tax assessments - more time to provide information (Part BB, § 1). A person who has failed to file a required tax return with Maine Revenue Services now has 60 days after notification to provide tax information necessary for the proper calculation of the Maine tax liability. An additional 60 days to provide the information is available upon written request prior to the expiration of the original 60-day period. Under prior Maine law, taxpayers had 30 days to provide the requested information, with an additional 90 days upon written request.

Setoff of Maine tax refunds against other state agency debt – additional time to request a hearing (Part BB, § 2). Maine law allows a taxpayer's Maine income tax refund to be setoff against the taxpayer's debt owed to another state agency. Under prior law, a taxpayer had 30 days after receipt of notice of the setoff to request a hearing. The new law allows taxpayers 60 days after receipt of notice to request a hearing.

Additional time to file amended returns (Part CC). In cases where the taxpayer's Maine tax liability is affected, the new law increases the time period required for filing an amended Maine income tax return, service provider tax return or estate tax return from 90 days to 180 days. An amended Maine *income tax* return must be filed within 180 days of the date of a final determination of a change or correction or the filing of a federal amended return. The term *final determination*, as it relates to the filing of an amended Maine income tax return, means the date on which the earliest of the following events occurs with respect to a federal taxable year:

- the taxpayer has made payment of an additional income tax liability resulting from a federal audit, the taxpayer has not filed a petition for redetermination or claim for refund for the portions of the audit for which the payment was made and the time for filing a petition for redetermination or refund claim has expired;
- the taxpayer receives a refund from the U.S. Treasury that resulted from a federal audit;
- the taxpayer signs an Internal Revenue Service (IRS) form consenting to a deficiency or accepting an over assessment;
- the taxpayer's time for filing a petition for redetermination with the U.S. Tax Court expires;
- the taxpayer and the IRS enter into a closing agreement; and
- a decision from the U.S. Tax Court, a district court, a federal court of appeals, U.S. Court of Federal Claims or the U.S. Supreme Court becomes final.

Additional time for requesting a credit or refund (Part DD). Under prior Maine law, for most Maine taxes, a taxpayer generally had 3 years from the time a return was filed or 2 years from the time the tax was paid, whichever period expired later, to request a credit or refund of overpaid taxes. The new law allows 3 years from the time the return was filed or 3 years from the time the tax was paid to request a credit or refund of overpaid taxes.

Interest on tax refunds (Part EE). Under prior Maine law, with respect to requests for income and estate tax refunds made on or after the original due date of a return, Maine Revenue Services did not have to pay interest on those refunds if the refund was issued within 90 days of the original return due date or date of refund request or amended return, whichever occurred later. Under the new law, MRS must pay interest if the refund is not issued within 60 days of the original return due date or date of refund request or amended return. If interest applies, it is calculated from the original return due date or date of refund request or amended return, whichever occurs later.